STOCKMAN KAST RYAN + COMPANY

THE MYRON STRATTON HOME

Financial Statements

For the Year Ended December 31, 2020

And

Independent Auditors' Report

THE MYRON STRATTON HOME

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Myron Stratton Home

We have audited the accompanying financial statements of The Myron Stratton Home (a non-profit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Myron Stratton Home as of December 31, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Myron Stratton Home's 2019 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated April 28, 2020. In our opinion, the summarized comparative information presented herein is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stockman Kast Ryan + Co, LLP

June 10, 2021

THE MYRON STRATTON HOME

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 (with comparative totals for 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	$ 785,561	$ 1,331,263
Receivables		
Royalties	596,250	1,192,973
Interest and dividends	18,177	581,788
Other	61,978	82,553
Supplies and prepaid expenses	130,420	113,676
Note receivable		800,000
Investments	196,595,287	177,959,134
Home property, net	25,215,556	25,284,747
TOTAL	$ 223,403,229	$ 207,346,134
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	733,575	566,924
Grants payable	38,000	100,000
Promises to give payable - Consortium	76,480	367,208
Total liabilities	848,055	1,034,132
NET ASSETS		
Without donor restrictions	219,132,296	202,889,124
With donor restrictions	3,422,878	3,422,878
Total net assets	222,555,174	206,312,002
TOTAL	$ 223,403,229	$ 207,346,134

See notes to financial statements.

THE MYRON STRATTON HOME

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020 (with comparative totals for 2019)

	2020			
	Without Donor Restriction	**With Donor Restriction**	**Total**	**2019 Total**
REVENUES AND GAINS				
Investment income	$ 16,591,951		$ 16,591,951	$ 26,679,921
Royalty fees	4,317,119		4,317,119	4,266,798
Home operating revenues	1,131,036		1,131,036	1,170,922
Consortium rental income	458,880		458,880	458,880
Other	13,551		13,551	10,207
Total	22,512,537	$ —	22,512,537	32,586,728
EXPENSES				
Program expenses:				
Assisted Living	2,699,951		2,699,951	2,752,595
Independent Living	1,800,554		1,800,554	1,810,630
Grants	745,446		745,446	754,028
Consortium	497,298		497,298	479,467
Total program expenses	5,743,249	—	5,743,249	5,796,720
Support services	526,116		526,116	552,725
Total	6,269,365	—	6,269,365	6,349,445
CHANGE IN NET ASSETS	16,243,172		16,243,172	26,237,283
NET ASSETS, Beginning of year	202,889,124	3,422,878	206,312,002	180,074,719
NET ASSETS, End of year	$ 219,132,296	$ 3,422,878	$ 222,555,174	$ 206,312,002

See notes to financial statements.

THE MYRON STRATTON HOME

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020 (with comparative totals for 2019)

	2020							
	Program Services				Total Program Services	Support Services General and Administrative	Total	2019 Total
	Assisted Living	Independent Living	Grants	Consortium				
EXPENSES								
Salaries, benefits and related	$ 1,907,242	$ 947,546	$ 54,237	$ 98,902	$ 3,007,927	$ 175,472	$ 3,183,399	$ 3,250,076
Grants to other 501(c)(3) organizations			651,000		651,000		651,000	657,500
Insurance	73,352	89,651		38,659	201,662	70,010	271,672	239,050
Utilities	66,366	81,113		83,916	231,395	14,403	245,798	268,986
Dining supplies	109,809	73,206			183,015		183,015	219,907
Repairs and maintenance	40,774	45,975		33,413	120,162	19,157	139,319	134,667
Contracted services	28,570	28,570	22,860	45,172	125,172	6,588	131,760	106,316
Grounds maintenance	23,096	27,778		26,234	77,108	4,977	82,085	60,267
Trustees fees						72,000	72,000	78,000
Housekeeping supplies	26,936	25,139	2,490	3,268	57,833	4,290	62,123	62,417
Professional fees	2,665	901	1,665	1,366	6,597	48,267	54,864	87,394
Office expense	11,223	6,406	25	26	17,680	29,299	46,979	49,441
Telecomm and information technology	9,933	10,371	7,996	2,070	30,370	13,501	43,871	42,190
Transportation, travel and entertainment	3,879	4,006	698	5,050	13,633	6,412	20,045	34,616
Employee relations	814	895			1,709	15,377	17,086	13,737
Recreation and resident engagement	1,905	12,220			14,125	2,730	16,855	22,323
Dues and subscriptions	1,928	4,170	2,258		8,356	5,754	14,110	9,294
Meetings and staff development	814	1,079		478	2,371	10,895	13,266	11,418
Public relations	69	105	2,096	210	2,480	7,853	10,333	14,651
Medical supplies	8,623	1,523			10,146		10,146	7,029
State mandated staff screenings	2,399	638			3,037		3,037	3,234
Advertising and marketing	139	191	19	29	378	1,515	1,893	4,647
Miscellaneous	25	16	102		143	151	294	6,665
Subtotal	2,320,561	1,361,499	745,446	338,793	4,766,299	508,651	5,274,950	5,383,825
Depreciation	379,390	439,055		158,505	976,950	17,465	994,415	965,620
TOTAL	$ 2,699,951	$ 1,800,554	$ 745,446	$ 497,298	$ 5,743,249	$ 526,116	$ 6,269,365	
PERCENT OF TOTAL	43%	29%	12%	8%	92%	8%	100%	
COMPARATIVE TOTALS – 2019	$ 2,752,595	$ 1,810,630	$ 754,028	$ 479,467	$ 5,796,720	$ 552,725		$ 6,349,445
PERCENT OF TOTAL – 2019	43%	29%	12%	8%	92%	8%		100%

See notes to financial statements.

THE MYRON STRATTON HOME

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020 (with comparative totals for 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 16,243,172	$ 26,237,283
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	994,415	965,620
Realized and unrealized gains on investments	(14,110,961)	(24,100,855)
Loss (gain) on disposal of Home property	(7,001)	5,719
Changes in operating assets and liabilities:		
Receivables	1,180,909	(544,775)
Supplies and prepaid expenses	(16,744)	(22,920)
Accounts payable and accrued expenses	166,651	30,162
Grants payable	(62,000)	35,000
Promises to give payable - Consortium	(290,728)	(288,501)
Net cash provided by operating activities	4,097,713	2,316,733
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	31,900,558	41,019,707
Purchases of investments	(36,425,750)	(42,019,141)
Proceeds from sale of Home property	10,000	
Purchases of Home property	(928,223)	(489,963)
Payments on note receivable	800,000	
Issuance of note receivable		(800,000)
Net cash used in investing activities	(4,643,415)	(2,289,397)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(545,702)	27,336
CASH AND CASH EQUIVALENTS, Beginning of year	1,331,263	1,303,927
CASH AND CASH EQUIVALENTS, End of year	$ 785,561	$ 1,331,263

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Myron Stratton Home (the Home) was founded in accordance with the provisions of the will of Winfield Scott Stratton. The will directed that, after payment of all bequests, legal costs and expenses, the remainder of his estate be used to create an organization to provide a home for indigent persons who are unable to earn a livelihood by reason of old age, youth, sickness or other infirmity. The provisions of the will are subject to the jurisdiction of the District Court of El Paso County, Colorado and administered by the trustees and management of the Home. The Home's revenues are substantially provided by investment return (investment income and realized and unrealized gains on investments), royalties and Home operating revenues.

Basis of Presentation — The Home reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represents the expendable resources that are available for operations at management's discretion; and net assets with donor restrictions, which represents resources restricted by donors as to purpose or by the passage of time and resources whose use by the Home is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Home.

The accompanying financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Home's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Change in Accounting Principle — In August 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-13, *Fair Value Measurement (Topic 820)*, which modifies various disclosure requirements on fair value measurements. During the year ended December 31, 2020, management implemented ASU 2018-13 and modified certain fair value disclosures for investments carried at net asset value. The ASU has been applied using a retrospective approach, and its implementation had no effect on the financial statements.

Cash and Cash Equivalents — The Home considers all liquid investments with original maturities of three months or less and which are not held for long term investment purposes, to be cash equivalents. Cash and highly liquid financial instruments held for long term purposes, regardless of original length to maturity, are reported as investments and are excluded from this definition. The net amount of operating cash added to, or withdrawn from, the long-term investments is reported as an investing activity in the statement of cash flows.

Receivables — Receivables consist primarily of accrued and unpaid interest and dividends, royalties and amounts due from Medicaid. The fair value of receivables approximates the carrying amounts.

Home Operations Revenue and Accounts Receivable — The Home's Home Operations Revenue consists primarily of revenue derived from its assisted living facility and its independent living community. Residential fees consist of monthly charges for basic housing and support services and fees for additional requested services, such as assisted living services, personalized health services and ancillary services. Fees are specified in agreements with residents, which are generally short-term and billed on a monthly basis. The Home has determined that services performed under those contracts are considered on performance obligation in accordance with ASC Topic 606 as such services are regarded as a series of distinct events with the same timing and pattern of transfer to the resident.

Revenue for basic housing and support services and additional requested services is recognized in accordance with ASC Topic 606 and measured based on the consideration specified in the resident agreement and is recorded with the services are provided.

Fees for services in the Home's assisted living facility are primarily received based on fixed daily rates from governmental payers and private pay. Medicaid fees are billed monthly in arrears, whereas resident payments are billed in advance. The Home currently uses the "most likely amount' technique to estimate revenue in accordance with ASC Topic 606, although rates are generally known and considered fixed prior to services being performed. Rate adjustments from Medicaid are recorded when known (without regard to when the assessment is paid or withheld), and subsequent adjustments to these amounts are recorded in revenues when known. Revenue is recognized when performance obligations are satisfied by transferring control of the service provided to the resident, which is generally when services are provided over the duration of care.

The Home is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to net patient service revenue. The Home accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payor classes. Based on historical collection trends and other analyses, the Home has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract-by-contract basis.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Home has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed within days or weeks of the end of the reporting period.

Grants Payable — Grants payable represents unconditional grants that have been authorized but remain unpaid as of the balance sheet date. Conditional grants are expensed and considered payable in the period the conditions are substantially satisfied. There were no conditional grants at December 31, 2020. As of December 31, 2019 there was one conditional grant of $75,000.

Home Property — Home property is recorded at cost and depreciated using the straight-line method over estimated useful lives which range from three to fifty years. The Home's policy is to capitalize acquisitions of property costing in excess of $2,500 and having a useful life exceeding one year.

Investments — Investments in equity securities having a readily determinable fair value and all debt securities and alternative investments are carried at fair value. Other investments are valued at the lower of cost or net realizable value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Income Taxes — The Home is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Home believes that it does not have any uncertain tax positions that are material to the financial statements.

Use of Estimates — Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications — Certain reclassifications to prior year amounts have been made to conform to the current year presentation.

Subsequent Events — The Home has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

The following table reflects the Home's financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year include net assets with donor restrictions.

As part of the Home's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Home's policy to manage an emergency cash flow need is to maintain one to two million dollars in the US Bank cash account. The Home manages their cash flow through a one year cycle through monthly review of aggregate available funds from investment and monthly review of cash account balance.

	2020	**2018**
Cash and cash equivalents	$ 785,561	$ 1,331,263
Receivables	676,405	1,857,314
Investments	196,595,287	177,959,134
Total financial assets	198,057,253	181,147,711
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors in perpetuity	3,422,878	3,422,878
Total financial assets available to management to meet cash needs for general expenditures within one year	$194,634,375	$177,724,833

3. HOME PROPERTY

Home property is comprised of the following as of December 31:

	2020	2019
Land	$ 1,207,184	$ 1,207,184
Buildings and improvements	38,217,684	37,787,207
Furniture and fixtures	1,706,174	1,625,416
Construction in progress	396,525	33,077
Total	41,527,567	40,652,884
Less accumulated depreciation	16,312,011	15,368,137
Home property, net	$ 25,215,556	$ 25,284,747

4. FUNCTIONAL EXPENSES ALLOCATION METHODS

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Home. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include property and liability insurance, utilities, and maintenance repairs, which are allocated on the basis of building square footage, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

5. INVESTMENTS AND FAIR VALUE DISCLOSURES

The Home is required to use a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Home has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

Investments for which fair value is measured using the net asset value per share practical expedient are not categorized with the fair value hierarchy.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Debt and Equity Securities — The Home invests in various equity securities and both equity and fixed income mutual funds. Where quoted market prices are available for identical securities in an active market, securities are classified within Level 1 of the valuation hierarchy.

The Home has classified equity and fixed income mutual funds and exchange traded equities in the Level 1 category. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Securities with these observable inputs are classified as Level 2 securities in the valuation hierarchy.

Alternative Investments — The Home's alternative investments consist of equity hedge funds, absolute return funds and limited partnerships. As a group, the alternative investments invest in a variety of securities including, but not limited to, foreign and domestic publicly traded equity securities, foreign and domestic fixed income investments, options, warrants, derivatives and contracts. These are valued at net asset value of the respective investments as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the investment will be sold for an amount different from the reported net asset value.

See below for further information on these investments measured using the net asset value practical expedient.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Home believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Home does not have any unfunded commitments in any of their alternative investments. Written notice is required to redeem amounts held by these funds which are described below.

Other Investments — Other investments consist of interest in mining rights and are carried at cost.

The following table represents the cost and fair value of the Home's investments as of December 31:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Temporary cash investments	$ 12,818,480	$ 12,818,480	$ 3,986,939	$ 3,986,939
Corporate stocks	33,770,553	41,614,331	35,296,780	47,003,634
Equity mutual funds	17,405,540	35,571,979	27,685,925	36,611,685
Bond mutual funds	7,347,099	7,798,783	7,238,279	7,322,027
Alternative investments	52,579,848	98,756,054	52,306,744	82,999,189
Other (carried at cost)	35,660	35,660	35,660	35,660
Total	$ 123,957,180	$ 196,595,287	$ 126,550,327	$ 177,959,134

The following tables summarize the financial instruments reported within the statements of financial position carried at fair value as of December 31, 2020 and 2019, by caption and level within the fair value accounting hierarchy:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2020:				
Temporary cash investments	$ 12,818,480	$ 12,818,480		
Corporate stocks	41,614,331	41,614,331		
Equity mutual funds	35,571,979	35,571,979		
Bond mutual funds	7,798,783	7,798,783		
Total investments in the fair value hierarchy	97,803,573	$ 97,803,573	$ —	$ —
Investments measured at net asset value	98,756,054			
Other investments (held at cost)	35,660			
Total investments	$ 196,595,287			
2019:				
Temporary cash investments	$ 3,986,939	$ 3,986,939		
Corporate stocks	47,003,634	47,003,634		
Equity mutual funds	36,611,685	36,611,685		
Bond mutual funds	7,322,027	7,322,027		
Total investments in the fair value hierarchy	94,924,285	$ 94,924,285	$ —	$ —
Investments measured at net asset value	82,999,189			
Other investments (held at cost)	35,660			
Total investments	$ 177,959,134			

Arbitrage Funds: The Home invests in one fund, Davidson Kempner Institutional Partners LP, that uses arbitrage as their primary investment strategy. This fund seeks capital appreciation through various arbitrage situations. The fund seeks returns through investing in international and domestic securities of issuers that are in financial distress, completing an out-of-court restructuring, involved in bankruptcy, mergers, unsolicited merger proposals, spin-offs, liquidations, recapitalizations, distressed or are illiquid. Investment portfolios consist of common stock, preferred stock, convertible securities, debt instruments, real estate assets, options futures, swaps, credit default swaps, other derivatives and structured products, including collateralized loan obligations. The fund may utilize leverage in its investment programs, and its portfolios may include both long and short positions.

Diversified Investment Fund: The Home invests in one diversified investment fund, Newport Asia, which primarily invests in traditional securities in the Asia-Pacific region of the world. The fund is currently invested in common stocks as well as real estate investment trusts.

Global Growth Fund: The Home invests in one global growth fund, Wellington CTF, which seeks long-term total returns by investing primarily in equity securities issued by companies around the globe.

Hedge Fund of Funds: The Home invests in one fund, Maverick Stable Fund, Ltd, that holds a mix of other hedge funds and securities. The investment objective of the fund is to achieve consistent, positive returns, which are not dependent upon a rising equity market, while attempting to reduce risk and volatility. The fund invests with hedge funds and other experienced portfolio managers or other investment managers employing a variety of trading styles or strategies, including but not limited to, direct lending, convertible arbitrage, merger or risk arbitrage and other event-driven investing, distressed and long/short credit, long/short equity, multi-strategy and other relative value strategies. The investment managers have discretion to make all investment and trading decisions, including the selection of the fund's portfolio managers.

Common Trust Funds Trust: The Home is invested in one fund, Wellington Trust Company, NA, CTF Emerging Companies Portfolio, that is primarily invested in investments in small and emerging companies. The fund's investment objective is to provide long-term total returns in excess of the Russell 2000 Index.

Emerging Market Non-Hedge: The Home is invested in one fund, GQG Partners Emerging Markets Equity Fund, that is primarily invested in equity securities or equity-linked instruments of companies located anywhere in the world, including, but not limited to, emerging markets countries and the United States. The investment objective of the fund is to maximize long-term capital appreciation. The Fund has no limitation on the capitalization size of the companies in which it invests nor its ability to invest in foreign securities. The Fund may invest in any country.

Traditional Hedge Funds: The Home is invested in ten traditional hedge funds. These are Canyon Value, Maverick Fund Ltd, Steadfast International Ltd, Marshall Wace Eureka Fund, Fir Tree International Value Fund, King Street Capital Ltd, Farallon Capital Institutional Partners, L.P., Select Equity Offshore Ltd, Trinity Street Comingled EAFE and Kabouter International Opportunities Fund. These funds seek to preserve and grow capital through all market conditions. They invest primarily in a variety of domestic and international equity securities. These funds hedge their primary securities positions with a variety of hedging methods. The hedging methods include but are not limited to: call, put, and currency options, various swaps and futures contracts. As of December 31, 2020, the investment in Fir Tree International Value Fund could only be redeemed every two years from the anniversary of investment. The Home expects full redemption of this fund on July 1, 2021. Additionally, the Maverick Fund Ltd cannot be redeemed until after January 1, 2023.

Funds in Liquidation: The Home has three funds that are currently in liquidation. The funds are currently paying out the remainder of the investment, and the Home will receive a percentage once the investment liquidation is complete. Management believes that they will receive substantially all their remaining investments in those funds and that the fair market values accurately present the fair values. Since the funds in this class are in liquidation, they have already been redeemed to the extent possible, and no further redemption is possible.

Investments that Calculate Net Asset Value — The following summarizes liquidity considerations for investments measured at fair value that calculate net asset value per share as a practical expedient at December 31, 2020 and 2019:

Investments		Fair Value	Redemption Frequency	Redemption Notice Period
2020:				
Arbitrage Funds:				
Davidson Kempner Institutional Partners LP	$	6,211,977	Quarterly	65 days advance written notice
Diversified Investment Fund:				
Newport Asia LLC		14,297,244	Monthly	30 days advance written notice
Global Growth Fund:				
Wellington CTF		5,054,099	Monthly	Written notice before 22nd of prior month
Hedge Fund of Funds:				
Maverick Stable Fund Ltd		6,748,672	Quarterly	95 days advance written notice
Common Trust Funds Trust:				
Wellington WTC-CTF		5,669,329	Monthly	Written notice before 22nd of prior month
Emerging Markets Non-Hedge:				
GQG Partners		6,001,539	Monthly	Written notice before 15th of month
Traditional Hedge Funds:				
Kabouter Intl Opp Fund		10,035,103	Monthly	30 days advance written notice
Maverick Fund Ltd		6,722,477	Quarterly	60 days advance written notice
Farallon Capital		6,310,000	Annually	60 days advance written notice
Canyon Value		5,879,790	Quarterly	60 days advance written notice
Marshall Wace Eureka Fund		5,804,700	Monthly	30 days advance written notice
Select Equity Offshore Ltd		5,336,195	Monthly	30 days advance written notice
Trinity Street Comingled EAFE		5,227,932	Monthly	30 days advance written notice
Steadfast International Ltd		3,617,326	Quarterly	60 days advance written notice
King Street Capital Ltd		3,191,566	Quarterly	65 days advance written notice
Fir Tree Intl Value Fd		2,153,374	Biennial	90 days advance written notice

Investments	Fair Value	Redemption Frequency	Redemption Notice Period
Funds in Liquidation:			
Indus Asia Pacific Fd Ltd	230,715	Quarterly	N/A
Sculptor Overseas Fund II	162,356	Annually	N/A
Highfields Capital Fund Ltd	101,660	Bi-annually	N/A
Total	$ 98,756,054		
2019:			
Arbitrage Funds:			
Davidson Kempner Institutional Partners LP	$ 5,767,130	Quarterly	65 days advance written notice
Holowesko Global Fd Ltd	4,894,809	Quarterly	30 days advance written notice
Diversified Investment Fund:			
Newport Asia LLC	11,587,027	Monthly	30 days advance written notice
Hedge Fund of Funds:			
Maverick Stable Fund Ltd	6,701,043	Quarterly	95 days advance written notice
Common Trust Funds Trust:			
Wellington WTC-CTF	4,590,258	Monthly	Written notice before 22nd of prior month
Emerging Markets Non-Hedge:			
GQG Partners	4,484,346	Monthly	Written notice before 15th of month
Traditional Hedge Funds:			
Canyon Value	6,055,810	Quarterly	60 days advance written notice
Farallon Capital	6,035,156	Annually	60 days advance written notice
Kabouter Intl Opp Fund	5,470,081	Monthly	30 days advance written notice
Maverick Fund Ltd	5,424,200	Quarterly	60 days advance written notice
Marshall Wace Eureka Fund	5,103,269	Monthly	30 days advance written notice
Select Equity Offshore Ltd	4,593,889	Monthly	30 days advance written notice
Steadfast International Ltd	3,243,256	Quarterly	60 days advance written notice
King Street Capital Ltd	2,965,672	Quarterly	65 days advance written notice
Fir Tree Intl Value Fd	1,918,863	Biennial	90 days advance written notice
Funds in Liquidation:			
Indus Asia Pacific Fd Ltd	3,676,297	Quarterly	N/A
Sculptor Overseas Fund II	289,051	Annually	N/A
Highfields Capital Fund Ltd	189,410	Bi-annually	N/A
Raptor Private Portfolio FD	9,622	N/A	N/A
Total	$ 82,999,189		

Investment income consists of the following for the years ended December 31:

	2020	2019
Net realized gains	$ 7,177,952	$ 8,305,127
Net unrealized gains	6,933,009	15,795,728
Dividends and interest	2,751,219	2,848,348
Investment fees	(270,229)	(269,282)
Total	$ 16,591,951	$ 26,679,921

6. NOTE RECEIVABLE

During the year ended December 31, 2019, the Home entered into a promissory note with another not-for-profit organization, to assist the organization in its operations. Under the agreement, the Home loaned $800,000 to the not-for-profit. The note was receivable at maturity on October 4, 2021 with interest only payments due quarterly. The note bore interest at the 13 week daily treasury rate (1.71% at December 31, 2019) and was secured by real estate. The loan was repaid in full during the year ended December 31, 2020.

7. HOME OPERATING REVENUES

The composition of Home Operation by primary payor and service provider for the years ended December 31, 2020 and 2019 consists of the following:

	2020	2019
Medicaid	$ 454,767	$ 398,928
Assisted living private pay	367,075	453,077
Independent living	287,427	282,665
Additional requested services	21,767	36,252
Total	$ 1,131,036	$ 1,170,922

8. ENDOWMENT

The State of Colorado has adopted the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA or the Act). The Act provides statutory guidance for management, investment and expenditures of endowment funds held by not-for-profit organizations. Amongst other provisions, the Act eliminates the "historical dollar value" rule for endowment funds, in favor of guidelines regarding what constitutes prudent spending and explicitly requires consideration of the following factors (if relevant):

1. The duration and preservation of the endowment fund
2. The purposes of the institution and the endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from investment income and appreciation or depreciation of investments

6. Other resources of the Home; and
7. The investment policies of the Home

The Home's endowment consists of one donor-restricted endowment fund established and restricted for the purpose of creating a Home for indigent people who are unable to earn a livelihood by reason of old age, youth, sickness or other infirmity.

As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Home's governing body has interpreted the State of Colorado's UPMIFA as permitting preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Home classifies the original value of gift donated to the permanent endowment, as net assets with donor restrictions which was $3,422,878. Investment returns (losses) earned by the investment portfolio are recognized as without donor restrictions in accordance with the original will of Winfield Scott Stratton.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Home is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of December 31, 2020 and 2019.

The Home has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under the Home's policies, the endowment assets are invested in a manner that is intended to produce the highest possible rate of return consistent with stated risk tolerances.

To satisfy its long-term rate of return objectives, the Home relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized).

The Home targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Equity-based investments include large-cap, small-cap and international equities. The Home also uses fixed income securities and alternative investments, such as hedge funds, to achieve its objectives.

9. RETIREMENT PLAN

The Home has a 401(k) plan for employees who are older than twenty years six months and have performed one year of service for the Home. One year of service is defined as having worked 1000 hours during the rolling 12-month period beginning with their hire date. Contributions are made by employees before or after tax. The plan is a safe harbor plan and the employer may make additional elective contributions to the plan.

The Home contributes a Qualified Non-Election (Safe Harbor) amount of 3% of each eligible employee's salary but may contribute an additional discretionary amount. Employer elective contributions vest over a five year period. During the year ended December 31, 2020 and 2019, the Home recognized expenses of $202,419 and $203,138, respectively, for contributions into the plan.

10. LESSOR COMMITMENTS

As of December 31, 2020 and 2019, the Home has three lease arrangements with three not-for-profit entities (the Consortium) to lease space on its property. The leases call for the Consortium to pay annual rents of $1 each, plus a maintenance fee, and to reimburse the Home for all utility costs. During 2020 and 2019, the Home received reimbursements of $213,586 and $235,659, respectively, for maintenance, utilities and other costs. Two of the leases, which commenced in 2006, carried a term of five years, with the lessee having the option to renew up to four additional terms of five years each. One of the leases, which commenced in 2006, was amended in 2012 to allow the lessee to renew up to 13 terms of one year.

The Home records a promise to give payable when they enter or renew a lease equal to the present value of the fair rental value for the entire term of the lease. Revenue is recognized as use of facilities occurs and reduces the payable commitment.

During both years ended December 31, 2020 and 2019, the Home recognized $458,880 in revenue relating to the Consortium, which are reflected as Consortium rental income in the accompanying statement of activities. During the years ended December 31, 2020 and 2019, the Home incurred $49,545 and $46,147, respectively, in net maintenance costs relating to the Consortium, as well as $168,152 and $170,379, respectively related to recording the promise to give payable related to updated leases, which are reflected as Consortium expenses in the accompanying statement of activities.

Future minimum rental income to be received in 2020 is $76,480.

Leased property is carried at the following amounts as of December 31:

	2020	2019
Property	$ 9,906,784	$ 9,906,784
Accumulated depreciation	4,490,719	4,292,997
Total	$ 5,416,065	$ 5,613,787

11. CONCENTRATIONS, RISKS AND UNCERTAINTIES

The Home maintains its cash and cash equivalents in bank deposit accounts which, at times, exceed federally insured limits. The Home has not experienced any losses in such accounts.

The Home's investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that change in the values of those investments will occur in the near term and that such changes could materially affect the recorded amount of investments in the Home's financial statements.

The Home's alternative investments are recorded at their estimated fair market value as determined by the funds (see Note 5). Actual fair value of the investments upon liquidation could vary significantly from the current estimated fair value.